

A Self-Sufficiency Living Wage for Chicago

A Living Wage Estimate Performed for the
Chicago Jobs and Living Wage Campaign
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Introduction: Family Budget Studies in the U.S.

Though the U.S. government has established an official family budget poverty threshold there is general agreement that it is an outdated and inaccurate measure of true family hardship in the U.S. (Boushey et. al., 2001, p. 5-7). The official U.S. poverty line that is produced by the U.S. Census Bureau is constructed by costing out the U.S. Dept. of Agriculture's (USDA) "Thrifty Food Plan," adjusting it for family size and composition, and multiplying the result by three. This poverty line is then adjusted by the CPI each year and there have been only minor changes in the way it is calculated since it was adopted in the late 1960s. There are numerous problems with this standard.

First, though the Thrifty Food Plan meets minimum nutritional requirements, it is based on emergency use only. For example, the non-emergency USDA "Low Cost Food Plan" which also just meets minimum family nutritional requirements and does not include any fast-food or restaurant meals (that most American families spend 42% of their income on) is 25% more costly than the Thrifty Food Plan (Pearce, 2001, p. 6).

Second, Families no longer spend one-third of their income on food, as the costs of other basic needs such as housing, health care, and transportation, have risen relative to the cost of food. Also, families are purchasing more of some items such as child care than they used to due to the increase in the labor participation of women. Because of these changes food expenditure is now less than one fifth of family income (Bernstein et. al., 2000, cited in Boushey et. al., p. 6, op. cit.).

Third, the value of the official poverty threshold has fallen from 42% to 35.4% of median family income in last thirty years. This suggests that regardless of its cost composition, the overall relative value of the threshold has declined during these years.

Moreover, the poverty line is supposed to define a pre-tax income floor but uses post-tax expenses to come up with this number. The official threshold also fails to account for geographic differences, and excludes non-cash or "in-kind" government benefits such as food stamps, housing subsidies, and free or reduced-fee school lunches for children. Finally, its adjustments for family size and type are inaccurate (Boushey et. al., op. cit.).

In the early 1990's, recognizing the problems associated with the Census Bureau's Official Poverty threshold, Congress commissioned the National Research Council of the National Academy of Sciences to study this problem. The council recommended that the threshold be based on the median expenditures of a two-adult, two-child, family on food, clothing, shelter, utilities, and a small increment for incidentals. It also recommended changes to the method of adjustment for family size and type; adjustments for residential location; and taking into account the value or cost of: non-cash benefits, costs associated with working like child care, and medical expenses.

Because of these widely recognized problems with the official U.S. poverty line, numerous independent studies of basic family budgets have been performed for different communities around the country, and for multiple communities using a similar

methodology. There are now over 40 such studies, most of which are listed at www.epinet.org (Boushey et. al., op. cit., p. 8 and footnote 3). These studies are generally an improvement over the Official Poverty Line as they attempt to incorporate some of the methodological changes recommended by the National Research Council.

One of the most comprehensive and methodologically consistent of these studies is the 1999 nationwide "Hardships in America" study by Boushey, Brocht, Gundersen, and Bernstein. Boushey et. al. estimated that a no-frills basic needs family budget for a two parent, two child, family in Chicago was \$39,464 in 1999 (Boushey et. al., 2001, Appendix Table A4.5) This translates into \$42,107 in 2002.¹

However, another, more recent detailed local study performed for Women Employed by Diana Pearce and Jennifer Brooks: "The Self Sufficiency Standard for Illinois" also includes most of the suggested changes (Pearce and Brooks, 2001). This study has the advantage of more family type and local geographic specificity than the "Hardships in America" study (Pearce and Brooks, 2001). It estimates the budget of a four person two child family in Chicago in 2001 to be from \$42,519 to \$47,074 depending on exact family type and area of Cook County (Appendix, Tables 4-5). For our purpose, which is to establish an official "living wage" benchmark for the City of Chicago, the Pearce and Brooks study has the additional advantage of having been endorsed by the State of Illinois as an official standard for "self-sufficient" family income (Chicago Tribune Editorial, Sept. 24, 2002). In this capacity it is currently being used by the Mayor's Office for Workforce Development as a standard for continuing eligibility for services at Illinois Employment and Training Center Offices in Chicago. An on-line calculator that is based on this "self sufficiency" standard is available on the Office of Workforce Development web site.

Finally, as a "living wage" should allow workers in an average family to support their dependents without need for regular public assistance, we believe that the "self sufficiency" standard is an appropriate budget upon which to base our living wage estimate. The self-sufficiency standard includes taxes, health care, and child care costs, but does not include any special in-kind or other means-tested assistance. In any case, under the standard a parent who earns enough to support his or her family's basic needs in Chicago will not qualify for State or Federal food stamp, Medicare, or child care support (Pearce and Brooks, 2001, p. 21).

This is another argument for the urgency and importance of raising and extending the Chicago Living Wage ordinance. On the other hand, this should be a cause for concern as most low-wage Chicago workers will not be covered by even a strengthened and expanded Living Wage ordinance of the kind that has been proposed in "Fulfilling the Promise of the Living Wage" (Brunick et. al., 2002). We further elaborate on this point in a later section of this report.

¹ The Chicago Metropolitan Area Consumer Price Index for Urban consumers for the January 2000 to August 2002 period rose by 6.7% from 170.2 to 181.6.

What Does a Typically Worker's Family Household in Chicago Look Like?

Once we have settled on a reliable family budget estimate the key missing factor to determining a living wage is family size and type. In an earlier study we relied on an assumption that the average Chicago household has three persons and one full-time earner. Based on this assumption we showed that the "loss" of means-tested federal and state benefits by impacted low-wage workers was much less than had been estimated assuming an average household size of four with one earner (Baiman et. al., 2002).

However, for the purpose of estimating a self-sufficiency living wage for a family, average household size is not what we need, and we cannot assume that such an average household includes exactly one full-time earner.

Rather, first, we have to restrict our investigation to *family* households with workers, or households that include at least one family with a worker. By worker we mean a person who is currently employed as well as someone who is currently unemployed but in the labor force, i.e has looked for a full or part-time job in the last thirty days. This excludes single person households, households of multiple non-related persons, and households with families but with no workers. Second, we have to average over workers instead of over households, as we are interested in ascertaining what size family household *workers* live in. Finally, we cannot assume that our average household includes exactly one full-time earner, but rather have to estimate average work hours for workers in this household.

From 2000 Census data for Chicago, presented in Table I below, we found that on average people in family households in Chicago live in four person family households.

**Table I: Average Size of Family Household Lived in By Persons
City of Chicago, 2000**

	Number of Households	Number of Persons	Average Family Household Size Weighted by Persons
Total households:	1,061,964		
Family households:	638,290		
2-person household	210,943	421,886	
3-person household	145,690	437,070	
4-person household	120,910	483,640	
5-person household	78,200	391,000	
6-person household	41,991	251,946	
7-or-more-person household	40,556	283,892	
Total Number of Persons in Family Households		2,269,434	
Average size of family household lived in by persons:			4.21*

Source: American Factfinder, U.S. Census Bureau.

(*) Calculated as a person-weighted average of household size: $4.21 = (2 \times 421,886 + 3 \times 437,070 + 4 \times 483,640 + 5 \times 391,000 + 6 \times 251,946 + 7 \times 283,892) / 2,269,434$

We were also able to determine from 2000 Census data, presented in Table II below, that the average worker in family households in Chicago that include at least one worker lives in a household with two workers.

**Table II: Average Number of Workers in Working Family Households
City of Chicago, 2000**

	Working Family Households	No Workers	One Worker	Two Workers	Three or more Workers	Total Workers in Working Family Households
Married Couple Family	358,636	42,810	93,629	184,291	64,906	
Male Householder No Wife Present	54,419	8,151	25,798	15,874	6,596	
Female Householder No Husband Present	196,235	37,884	94,619	46,908	16,824	
Total Households	554,871	80,694	188,248	231,199	81,730	
Total Workers			188,248	462,398	245,190	895,836
Average Number of Workers in Working Family Households					2.06*	

Source: American Factfinder, U.S. Census Bureau.

(*) Calculated as a worker-weighted average of number of workers in working family household: $2.06 = (188,248 + 2 \times 462,398 + 3 \times 245,190) / 895,836$

From these data we know that to the extent that workers in Chicago live in the same size households as the average person, the average worker in a family household in Chicago lives in a four person, two worker, household.

We were able to further support this conclusion by using 1990 Census Public Use Micro Sample (PUMS) data to do an explicit cross-tabulation of workers by (working) family household size and by number of workers. This data, displayed as Table III below, shows that the median (family) worker lives in a family household of four persons and that the median family household (and 48% of all such households) has two workers.

**Table III: Household Size by Number of Workers
Percent of Working Family Households
City of Chicago, 1990**

Household Size	Number of Workers			Total
	1	2	3 or more	
2	7.1%	17.1%	0.0%	24.4%
3	5.3%	12.0%	5.4%	22.7%
4	3.7%	9.5%	8.5%	21.7%
5 or more	4.0%	8.9%	18.4%	31.2%

Source: Public Use Micro Sample, 1990 U. S. Census

Finally, we were able to use 1990 PUMS data to determine that the average number of hours worked in a year's time by each of the two workers in a family household of four is 1,703. This data is presented in Table IV below.

**Table IV: Household Size by Number of Workers
Average Hours of Work for Each Worker in Household
City of Chicago, 1990**

Household Size	Number of Workers		
	1	2	3 or 4
2	1680	1893	1276
3	1625	1714	1625
4	1618	1703	1526

Source: Public Use Micro Sample, 1990 U. S. Census

This implies that the two workers in such an average four person household together work 3,406 hours ($1,703 \times 2 = 3406$), or 1.64 ($3,406/2080 = 1.64$) full-time equivalent jobs. As this was derived from 1990 data we conservatively rounded this up to 1.67 or one and two-thirds full-time jobs for the purposes of further analysis.

Note that our major conclusion from these data, that the average worker from a working family household in Chicago belongs to a four-person, one and two-thirds full-time worker, household, reinforces our earlier conclusion regarding "lost benefits" (Baiman et. al., 2002). This is because "lost benefits" for such a household would be less than those that we estimated for a *one* worker three-person household, and certainly less than the benefits loss for the *one*-worker *four*-person household assumed in Tolley et. al. (1996).

Estimating a "Living Wage" for Chicago

The final step of our analysis is to use this information on average size and type of family household, and the "self sufficiency" family budget data estimated in the Pearce and Brooks (2001) study discussed above, to derive a Chicago living wage. We first present the relevant Tables 4 and 5 from Pearce and Brooks (2001, p. 40-1) below as Table V and VI. These are self-sufficiency standards for high-cost and low-cost areas of Chicago and nearby Cook County suburbs. Detailed information on data sources and methods of calculation are available in the Pearce and Brooks report.

Table V: (Pearce and Brooks, Table 4)
The Self-Sufficiency Standard for Chicago, IL MSA, 2001
Chicago: Downtown and Selected Northside Areas (High Cost)

Monthly Costs	Adult	Adult + infant	Adult + pre- school er	Adult + infant teenage r	Adult + school- age teenager	Adult + infant pre- shoole r school- age	2 Adults + infant pre- schooler	2 Adults + pre- schooler schoolage
Housing	\$822	\$980	\$980	\$980	\$980	\$1,225	\$980	\$980
Child Care	\$0	\$522	\$539	\$1,061	\$349	\$1,410	\$1,061	\$888
Food	\$176	\$257	\$266	\$345	\$461	\$464	\$496	\$544
Transportation	\$75	\$75	\$75	\$75	\$75	\$75	\$150	\$150
Health Care	\$107	\$255	\$231	\$279	\$284	\$302	\$339	\$315
Miscellaneous	\$118	\$209	\$209	\$274	\$215	\$348	\$303	\$288
Taxes	\$330	\$564	\$565	\$732	\$517	\$948	\$774	\$717
Earned Income								
Tax Credit (-)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Child Care Tax Credit (-)	\$0	-\$40	-\$40	-\$80	-\$40	-\$80	-\$80	-\$80
Child Tax Credit (-)	\$0	-\$50	-\$50	-\$100	-\$100	-\$150	-\$100	-\$100
Self- Sufficiency Hourly Wage	\$9.25	\$15.75	\$15.77	\$20.26	\$15.58	\$25.81	\$11.14	\$10.52
Monthly	\$1,628	\$2,772	\$2,775	\$3,566	\$2,741	\$4,542	\$3,923	\$3,702
Annual	\$19,538	\$33,264	\$33,304	\$42,792	\$32,897	\$54,501	\$47,074	\$44,427

Source: *The Self-Sufficiency Standard for Illinois* (Pearce and Brooks, 2001), Table 4, p. 40.

**Table VI: (Pearce and Brooks, Table 5)
The Self-Sufficiency Standard for Chicago, IL MSA, 2001
Chicago (Excluding Downtown and Selected Northside Areas (High Cost))**

Monthly Costs	Adult	Adult + infant	Adult + pre- schooler	Adult + infant teenager	Adult + school- age teenager	Adult + infant pre- schooler school- age	2 Adults + infant pre- schooler	2 Adults + pre- schooler schoolage
Housing	\$747	\$891	\$891	\$891	\$891	\$1,114	\$891	\$891
Child Care	\$0	\$522	\$539	\$1,061	\$349	\$1,410	\$1,061	\$888
Food	\$176	\$257	\$266	\$345	\$461	\$464	\$496	\$544
Transportation	\$75	\$75	\$75	\$75	\$75	\$75	\$150	\$150
Health Care	\$102	\$238	\$214	\$261	\$267	\$284	\$322	\$298
Miscellaneous	\$110	\$198	\$198	\$263	\$204	\$335	\$292	\$277
Taxes	\$299	\$522	\$523	\$690	\$466	\$897	\$732	\$675
Earned Income								
Tax Credit (-)	\$0	\$0	\$0	\$0	-\$27	\$0	\$0	\$0
Child Care Tax Credit (-)	\$0	-\$40	-\$40	-\$80	-\$40	-\$80	-\$80	-\$80
Child Tax Credit (-)	\$0	-\$50	-\$50	-\$100	-\$100	-\$150	-\$100	-\$100
Self- Sufficiency Hourly Wage	\$8.57	\$14.85	\$14.87	\$19.36	\$14.46	\$24.72	\$10.69	\$10.07
Monthly	\$1,508	\$2,613	\$2,616	\$3,407	\$2,546	\$4,350	\$3,764	\$3,543
Annual	\$18,097	\$31,358	\$31,398	\$40,884	\$30,549	\$52,199	\$45,166	\$42,519

Source: *The Self-Sufficiency Standard for Illinois* (Pearce and Brooks, 2001), Table 5, p. 41.

In order to estimate a Chicago living wage we conservatively selected data for the lowest cost area of Chicago (Table VI - Pearce and Brooks Table 5), and for the least cost type of four person household in the Pearce and Brooks study (Column 8 - 2 Adults + preschooler and school age children). The major difference between the Pearce and Brooks data for Tables 4 and 5 is cost of housing which is more expensive in Table 4. We chose to base our Chicago living wage estimate on Table 5 rather than Table 4 as most low-wage workers will not be able to afford housing in more expensive areas of the city. Also the U.S. Dept. of Housing and Urban Development 2001 Fair Market Rents (FMR) which is the source of these data lists \$891 as the 50th percentile for housing costs for the Chicago MSA. Similarly, we conservatively chose the lower estimate for health care

costs given in Table 5. The lower miscellaneous and tax estimates in Table 5 are derivative of the other estimates.

Regarding our choice of column 8. Census data from 2000 show that just about half of family households (314,149 out of 638,290) in Chicago had children below the age of 18. Census 2000 data also show that 69% of own children in family households in Chicago are below age 11, and 36% are below age 6. We chose the data in column 8 so that the living wage would cover the needs of families with young children but not necessarily the extra needs of the relatively smaller segment of families with infants. Again, we do not mean to imply that the needs of these later families should not be of concern. Rather, we believe that these should properly be a matter of public policy that extends beyond the "living wage". We elaborate further on this point in the last section of the report below.

Table VII below presents our adjustments of Table VI and provides final estimates for a Chicago "living wage".

**Table VII: Adjusted Self-Sufficiency Standard for Illinois
For Two Adults, a Preschooler, and a Schoolage Child
Full-Time and Two-Thirds Time Incomes**

Monthly Costs	2001	2002
Housing	\$891.00	\$909.53
Child Care*	\$696.21	\$710.69
Food	\$544.00	\$555.32
Transportation	\$150.00	\$153.12
Health Care	\$298.00	\$304.20
Miscellaneous	\$277.00	\$282.76
Taxes	\$675.00	\$689.04
Earned Income		
Tax Credit (-)	\$0.00	
Child Care Tax Credit (-)	-\$80.00	-\$80.00
Child Tax Credit (-)	-\$100.00	-\$100.00
Self-Sufficiency Per-Adult Hourly Wage**	\$11.58	\$11.82
Monthly***	\$3,351.21	\$3,420.92
Annual****	\$40,214.52	\$41,050.98

* Child Care costs for 2/3'rds time are 78% of full-time costs.

** Yearly wage divided by 2,080 x 1.67 hours.

*** Sum of monthly costs.

**** Monthly costs of living times 12.

Most of the values in the first column are the same as those of column 8 of Table VI. The only change is the Per-Adult Hourly Wage. This has increased to \$11.58 due a reduction in working hours to one and two-thirds full-time jobs instead of two full-time jobs and a resulting reduction of child care costs that is explained below.² The values in the second column are simply inflated by the 2.08% increase in the Consumer Price Index for Chicago from December 2001 to August 2002 (the latest available Chicago Metropolitan area CPI value). Since the Child Care Tax Credit and the Child Tax Credit are not affected by the CPI they are not inflated. Since a significant portion of taxes are sales taxes, these are also inflated by the CPI. As is presented at the bottom of the second column in Table VII, our September 2002 Chicago living wage estimate is \$11.82.

For most categories of expenditure: housing, food, transportation, and health care, there will be no difference between and family with two full-time earners and a family with one and two-thirds full-time earners. The needs of a two adult, preschooler, and school age child, family, with two full-time workers (as modeled in Pearce and Brooks) will be the same as the needs of a similar family with one full-time and one two-thirds time worker. Housing, food, and health care costs will not change, and there will still be a need to get to and from at least two jobs and one or two child care facilities. We conservatively assumed that miscellaneous costs will not change, though with the children home for one-third more of the time these might go up. The one category of spending that might significantly change is child care.

It would seem reasonable to assume that the two-third's time worker would be able to do one-third time child care so that needed child care hours would be correspondingly reduced. However, the decline in child care costs will not be proportional as the per-hour cost of part-time child care is higher than that of full-time child care.

In order to estimate the child care cost savings from the reduction to two-thirds time child care needs we contacted the Illinois Network of Child Care Resource and Referral Agencies (INCCRRA) which is the source of the child care cost information in the self-sufficiency standard study. We were told that the average cost for part-time child care in Cook County in 2001 was \$5.37/hr for two year olds, and \$4.55/hr for before and after school for school age children. Full-time costs for 3-5 year olds averaged \$106.22 a week, and the cost of before and after-school care for school age children averaged \$66.40 a week. During the summer full-time care for school age children averaged \$89.33 a week.

Based on these numbers we determined that as the two-thirds part-time rate for the preschooler was higher than the full-time weekly rate ($0.67 \times 40 \times 5.37 = \143.92 is greater than \$106.22), monthly two-thirds child care costs for the preschooler would be equal to the monthly full-time cost of \$424.88 ($4 \times \$106.22 = \424.88). For the grade

² Astute observers will note that there is another very slight discrepancy between the \$12.24/hr figure in our study and the \$10.07 figure estimated in Table 5 of Pearson and Brooks. This is due to a difference in the number of hours per year for a full time job used in the two studies. We use 2080 (40x52) whereas Pearson and Brooks use 2112 (8 x 22 x 12) - see footnote to Table 1 on p. 8 of the Pearson and Brooks study.

school child during the nine month long school year the weekly two-thirds part-time pre and after school care costs of \$45.00 ($2/3 \times 15 \times \$4.55 = \45.00) are less than the full-time cost of pre and after school care of \$66.40 a week. Therefore we estimated a monthly, during the school year, cost of \$182.00 ($4 \times \$45.00 = \182.00) for this child. To this we had to add on three months of summer two-thirds full-time care. Here again, the full-time summer rate of \$89.33 a week was less expensive than two-thirds of the part-time rate of \$136.50 ($2/3 \times 45 \times \$4.55 = \136.50) so we used the full-time rate for the three months of summer of \$1071.89 ($3 \times 4 \times \$89.33 = \1071.96) which, when pro-rated over 12 months to get a monthly cost figure, gives \$89.33 ($\$1071.96/12 = \89.33).³ Adding all this up gives a total monthly two-thirds time child care cost for this family of \$696.21 ($\$424.88 + \$182.00 + \$89.00 = \696.21), which is 78% of the full-time child care cost of \$888 estimated by Pearce and Brooks.

Work Supports, Public Assistance and the Living Wage

The family budget used in this report to illustrate the need for a living wage does not include in-kind and public assistance contributions that many families rely on to meet their day to day needs. Public assistance policy discussions often include the term self-sufficiency. Different meanings are associated with the term, depending upon who uses it. One might argue that none of us is truly self-sufficient in that we each rely on not only our own resources, but also on public services, benefits from fiscal and monetary policies, and the contributions of friends, family members and others to our economic well-being. The same is true for those who benefit from a living wage.

This section examines the eligibility criteria set by State and Federal government for existing public assistance policies and the impact those policies have on the family budget. One important finding is that a family earning a living wage will normally exceed the income limits set for programs like food stamps, Medicaid and child care support. However, research shows us that eligibility for these programs ends well below the level at which a family has adequate resources to meet all their needs (Pearce, 2001, p.21).

These programs are an important part of supporting families moving out of poverty. The living wage family budgets presented in this report do not take into account the in-kind value of work support programs that many families rely on for food, medical, and childcare expenses. At the federal and state level, there may be cause to re-examine the income limits set for these programs so that they support families moving out of poverty. Consideration should be given to using living wage standards to determine eligibility for public assistance in programs like food stamps, health care and childcare

Moreover, the family budget created in this report is a designed to meet only the most “basic” needs of a “typical” family household in Chicago. Our “living wage” will not cover the needs of other types of families with greater needs for more children, younger children, or a smaller number of working adults. When we calculate the budget for a family, it is also important to keep in mind what we do not include:

³ We use a 45 hour figure here (and a 15 hour figure for pre and after school care above) to account for a (conservatively estimated) one hour daily commuting time from home and work to the child care facility.

- retirement, college, or personal savings
- purchase of major items such as a car
- emergency expenses
- entertainment
- eating out or purchasing takeout food

Eligibility Criteria of Major Public Assistance Programs

Earned Income Tax Credit (EITC)

The Earned Income Tax Credit (EITC) is a federal tax refund intended to offset the loss of income from taxes owed by working poor families. It can be applied to a family's annual federal income tax refund in a lump sum or to a head-of-household's regular paycheck in incremental, prorated advances.

The Earned Income Tax Credit is for working people whose incomes fall below a certain level based on family size. The 2001 criteria are summarized in the table below:

	1 Adult	2 Adults, 1 Child	2 Adults, > 2 children
Income Limit	> \$10,710	>\$28,281	>\$32,121
Maximum Benefit	\$364	\$2,428	\$4,008

2001 Internal Revenue Service EITC guidelines

Receipt of Supplemental Security Income (SSI)

The federal SSI program provides cash benefits to low-income persons with disabilities and persons over 65. Recent program changes strictly limit or eliminate SSI eligibility for children, drug- or alcohol-addicted adults, and non-citizens. In order to be eligible for SSI, an individual's income cannot exceed the federal SSI benefit level. The current benefit levels for SSI are \$531/month for an individual and \$796/month for a married couple.

Child Support Payments Seeking support is not an option for all families for reasons particular to each case, including the unemployment of, total absence of, or physical abuse by the non-custodial parent. For those families with a court ordered payment schedule and agreement, child support is provided based on a set percent of the net income of the parent paying support. For a family with one child, 20% of the net income of the parent paying support would go to the child. For two children, 32% of net income is paid. The percentage paid gradually increases by 5% on average for each additional child eligible for child support payments. It should be noted that these arrangements couldn't be guaranteed without a court order, leaving the children dependent on a potentially erratic source of income.

Food Stamps

The Food Stamp Program helps ensure that eligible low-income families and individuals are able to obtain a nutritious diet. Food stamp benefits are intended to supplement other household income and may only be used to purchase food. Other household items such as cleaning supplies, paper goods, clothes, alcohol or tobacco products may not be purchased with Food Stamps.

The legal basis for the Food Stamp Program may be found in the Food Stamp Act of 1977, the Omnibus Reconciliation Act of 1981, and the Food Security Act of 1965. The federal government pays for the cost of Food Stamp benefits, and the states and federal government on a 50-50 basis share administrative costs.

Food stamps are based on the U.S. Department of Agriculture's Thrifty Food Plan, which calculates the *bare minimum* a family needs for nutritious meals and snacks purchased at stores and prepared at home. Like welfare checks, reduced food stamps are not uncommon due to the complicated policies that govern allotment calculations. For instance, the amount of a family's assets, rent, utility expenses and childcare costs, among other things, determine its food stamp eligibility and allotment.

The table below gives the current food stamp eligibility criteria based on household size and in terms of gross and net income:

	1 adult	2 adults, 1 child	2 adults, 2 children	2 adults, 3 children	2 adults, 4 or more children
Income Limit (Gross/Net)	\$960/\$738	\$1291/\$995	\$1628/\$1252	\$1961/\$1509	\$2300/\$3296/ \$1765-\$2535
Maximum Benefit	\$139	\$256	\$366	\$466	\$553-838

Medicaid

Medicaid, an entitlement program created by the federal government, is the primary public program for financing basic health and long-term care services for low-income individuals and families. It is funded fifty percent by federal funds and fifty percent by State general funds. The program focuses on coverage for low-income children, pregnant women, families, the elderly, blind and the permanently disabled. The federal government establishes guidelines that require the state to cover specific categories of people and types of benefits. It is, however, the state legislature's responsibility to determine which services are to be covered, the qualifying standards and the categories of people who will be eligible for benefits under the Medicaid program. Within these guidelines and constraints, the Department of Health and Human Services has considerable flexibility in establishing financial eligibility criteria, benefit packages and payment policies.

Currently, the income eligibility for Medicaid is set at 200% of the federal poverty level for pregnant women and children under 1 year old. The income requirements for a family depend on family size and ranges from 133-185% of the federal poverty level.

Illinois' Kid Care program has income eligibility standards that are set at either monthly income or is based on 133-185% of the federal poverty level dependent on family size. Families with one child cannot make more than \$982 per month in order to be eligible for Kid Care. Families with two children must earn less than \$1323. Families with 3 children cannot exceed \$1665 per month. A family with 4 children must earn less than \$2006 to be eligible.